

Auditing Procedures Report

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name	Dayton Township	County	NEWAYGO	Type	TOWNSHIP	MuniCode	62-1-080
Opinion Date-Use Calendar	Sep 8, 2008	Audit Submitted-Use Calendar	Sep 26, 2008	Fiscal Year End Month	03	Fiscal Year	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> <input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> <input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> <input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> <input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> <input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> <input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> <input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/> <input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> <input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> <input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> <input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> <input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> <input type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/> <input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> <input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> <input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> <input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> <input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="248,380.00"/>
General Fund Expenditure:	<input type="text" value="237,372.00"/>
Major Fund Deficit Amount:	<input type="text" value="0.00"/>

General Fund Balance:	<input type="text" value="224,472.00"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="0.00"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)	Jodi	Last Name	DeKuiiper	Ten Digit License Number	1101021180		
CPA Street Address	711 West Main Street	City	Fremont	State MI	Zip Code 49412	Telephone	+1 (231) 924-6890
CPA Firm Name	Hendon & Slate, PC	Unit's Street Address	PO Box 68	Unit's City	Fremont	Unit's Zip	49412

**DAYTON TOWNSHIP
NEWAYGO COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
March 31, 2008**

TABLE OF CONTENTS

	<u>Page</u>
Board Members	ii
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
BASIC FINANCIAL STATEMENTS	
Governmental Wide Statement of Net Assets	6
Governmental Wide Statement of Activities	7
Government Fund Balance Sheet	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	9
Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balance	10
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Assets - Fiduciary Funds	12
Notes to the Financial Statements	13 - 17
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparisons for Major Funds:	
General Fund	18
Capital Improvement Fund	19
Special Assessment Fire Fund	20
SUPPLEMENTAL INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	21 - 24

DAYTON TOWNSHIP

Board Members

	<u>Position</u>
Shirley Hooker	Supervisor
Vicki Kunnen	Treasurer
William Kunnen	Clerk
Glen Sparks	Trustee
Brian Frens	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Dayton Township
Newaygo County
Fremont, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dayton Township as of and for the year ended March, 31 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dayton Township, Michigan as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2008.

Grand Rapids
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Grand Rapids, MI 49546
Phone (616) 453-8551
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Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231) 798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

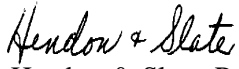
Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
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The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 17 to 19, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dayton Township, Michigan's basic financial statements. The detail individual fund statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Hendon & Slate, P.C.

Certified Public Accountants

Fremont Office

September 8, 2008

DAYTON TOWNSHIP

Management's Discussion and Analysis For the Year Ended March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased due to the decrease in public work expenditures for the year. Cash balances were also up due to a net expense decrease for the year and some of the special assessment collected for fire protection was due at March 31, 2008, but paid after April 1, 2008.

Revenues increased slightly over 2007/2008 due primarily to slight increases in state grants and tax collections. Revenue Sharing continues to be a target for cuts, so we are anticipating a slight decrease in revenue for this area as well. In a condensed format, the table below shows key financial information (in future years, when more information is available a comparative analysis will be made):

	Governmental Activities <u>2008</u>
Current Assets	\$ 311,905
Noncurrent Assets	<u>10,426</u>
Total Assets	322,331
Other Liabilities	<u>42,105</u>
Total Liabilities	<u>42,105</u>
Net Assets	
Investment in Capital Assets (less Debt)	10,426
Restricted	6,436
Unrestricted	<u>263,364</u>
Total Net Assets	<u><u>\$ 280,226</u></u>

Management's Discussion and Analysis (Continued)

Unrestricted net assets - the part of net assets that can be used to finance day to day operating, increased by \$9,553 for the governmental activities.

	Governmental Activities <u>2008</u>
Program Revenues	
Charges for Services	\$ 815
General Revenues	
Property Taxes-General	72,842
Fire Special Assessment	44,462
State Grants	137,738
Interest Earned	9,374
Miscellaneous	<u>28,601</u>
Total Revenues	\$ 293,832
Program Expenses	
General Government	90,062
Public Safety	41,480
Public Works	105,837
Community & Econ. Dev.	34,669
Recreation & Culture	2,476
Other	4,328
Depreciation	<u>123</u>
Total Expenses	<u>278,975</u>
Change in Net Assets	<u>\$ 14,857</u>

Business-Type Activities

The Township had no business type activities.

The Township's Fund

The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as the Special Fire Protection Assessment. The accounting of Special Fire Protection Assessment was separated from the General Fund for 2007-8. The General Fund, Special Assessment Fire Fund and the Capital Improvements Fund are the only Funds controlled by the Board. The Capital Improvements Fund is funded by transfers from the General Fund and interest earned on funds invested.

Management's Discussion and Analysis (Continued)

The General Fund pays all of the Township's government activities, except for those activities in the Special Fire Protection Assessment and Capital Improvement Funds. The most significant are general government (board, treasurer, clerk, assessor, etc.), roads, and zoning. The fire protection is entirely supported by a Special Fire Protection Assessment, which is held in a special account until billed by the City of Fremont and Hesperia Area Fire Departments. The balances are then paid to these entities for providing fire protection services to township residents.

Primary revenue sources for the General Fund are a property tax millage, a Special Fire Protection Assessment, and the Constitutional Revenue Sharing from the State of Michigan. There is no longer any Statutory Revenue Sharing available to the Township. Other revenue is needed and the Township Board sees merit in implementing a road millage which will keep all the money for roads in Dayton Township.

General Fund Budgetary Highlights

The Township adopts its budget by activity and amends its budget during the year by decreasing one activity and increasing another. Most amendments are taken from the contingency budget line.

Capital Asset and Debt Administration

The Township maintains its property and building and has not incurred any debt.

Economic Factors and Next Year's Budgets and Rates

The Township is aware that Revenue Sharing will decrease by a percent that is unknown at this time. Expenditures for the new year show a large decrease as a result of decreasing the road expenditures.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

DAYTON TOWNSHIP

Government Wide Statement of Net Assets March 31, 2008

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 301,464
Taxes Receivable	10,327
Accounts Receivable-Fiduciary Funds	114
Land	9,690
Building	6,135
Accumulated Depreciation	<u>(5,399)</u>
 Total Assets	 322,331
 Liabilities and Net Assets	
 Liabilities	
Accounts Payable	748
Due to Other Governments	38,352
Accrued Wages Payable	<u>3,005</u>
 Total Liabilities	 42,105
 Net Assets	
Invested in Capital Assets	
Net of Related Debt	10,426
Restricted	6,436
Unrestricted	<u>263,364</u>
 Total Net Assets	 <u><u>\$ 280,226</u></u>

The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP

Government Wide Statements of Activities For the Year Ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
General Government	\$ 90,062	\$ -	\$ (90,062)
Public Safety	41,480	-	(41,480)
Public Works	105,837	-	(105,837)
Community & Econ. Dev.	34,669	815	(33,854)
Recreation & Culture	2,476	-	(2,476)
Other	4,328	-	(4,328)
Depreciation	<u>123</u>	<u>-</u>	<u>(123)</u>
Total Primary Government	<u><u>\$ 278,975</u></u>	<u><u>\$ 815</u></u>	<u><u>\$ (278,160)</u></u>
 General Revenues			
Property Taxes - Levied for General Purpose			\$ 72,842
Fire Special Assessment			44,462
State Sources			137,738
Interest Income			9,374
Miscellaneous			<u>28,601</u>
Total General Revenues			<u>293,017</u>
 Change in Net Assets			14,857
 Net Assets - April 1, 2007			<u>265,369</u>
 Net Assets - March 31, 2008			<u><u>\$ 280,226</u></u>

The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP

Governmental Fund Balance Sheet March 31, 2008

	Governmental Fund Types			Totals (Memo Only)
	General	Capital Improvement Fund	Special Fire Assessment Fund	
Assets				
Cash and Investments	\$ 214,813	\$ 42,291	\$ 44,360	\$ 301,464
Taxes Receivable	6,206	-	4,121	10,327
Due from Other Funds - Agency	7,206	-	-	7,206
Total Assets	<u>\$ 228,225</u>	<u>\$ 42,291</u>	<u>\$ 48,481</u>	<u>\$ 318,997</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$ 748	\$ -	\$ -	\$ 748
Due to Other Funds	-	-	7,092	7,092
Due to Other Governments	-	-	38,352	38,352
Accrued Wages Payable	3,005	-	-	3,005
Total Liabilities	3,753	-	45,444	49,197
Fund Equity				
Fund Balance-Restricted	6,436	-	-	6,436
Fund Balance-Designated				
Capital Improvements	-	42,291	-	42,291
Special Fire Assessment	-	-	3,037	3,037
Fund Balance-Undesignated	218,036	-	-	218,036
Total Fund Equity	<u>224,472</u>	<u>42,291</u>	<u>3,037</u>	<u>269,800</u>
Total Liabilities and Fund Equity	<u>\$ 228,225</u>	<u>\$ 42,291</u>	<u>\$ 48,481</u>	<u>\$ 318,997</u>

The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP
Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Assets
For the Year Ended March 31, 2008

Total Governmental Fund Balances	\$ 269,800
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	15,825
Governmental Accumulated Depreciation	<u>(5,399)</u>

Total Net Assets - Governmental Activities:	<u><u>\$ 280,226</u></u>
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The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP
Government Fund Statements of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended March 31, 2008

	General Fund	Capital Improvements Fund	Special Assessment Fire Fund	Totals (Memo Only)
Revenues				
Taxes and PTAF	\$ 72,842	\$ -	\$ 44,462	\$ 117,304
State Grants	137,738	-	-	137,738
Charges for Services	815	-	-	815
Interest Earned	8,384	935	55	9,374
Reimbursements	8,978	-	-	8,978
Royalties	6,882	-	-	6,882
Other	12,741	-	-	12,741
Total Revenues	248,380	935	44,517	293,832
Expenditures				
General Government	90,062	-	-	90,062
Public Safety	-	-	41,480	41,480
Public Works	105,837	-	-	105,837
Community & Econ. Dev.	34,669	-	-	34,669
Recreation & Culture	2,476	-	-	2,476
Other	4,328	-	-	4,328
Total Expenditures	237,372	-	41,480	278,852
Excess Revenues Over (Under) Expenditures	11,008	935	3,037	14,980
Other Financing Sources (Uses)				
Operating Transfers In	-	10,000	-	10,000
Operating Transfers Out	(10,000)	-	-	(10,000)
Total Financing Sources (Uses)	(10,000)	10,000	-	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,008	10,935	3,037	14,980
Fund Balance-Beginning of Year	223,464	31,356	-	254,820
Fund Balance-End of Year	<u>\$ 224,472</u>	<u>\$ 42,291</u>	<u>\$ 3,037</u>	<u>\$ 269,800</u>

The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 14,980
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense

Capital outlay reported in governmental fund statements	-	
Depreciation expense reported in the statement of activities	<u>(123)</u>	<u>(123)</u>

Changes in Net Assets - Governmental Activities	<u><u>\$ 14,857</u></u>
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The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP
Statement of Net Assets - Fiduciary Funds
March 31, 2008

	<u>Tax Fund</u>
Assets	
Cash	<u>\$ 114</u>
Total Assets	<u><u>\$ 114</u></u>
Liabilities and Net Assets	
Liabilities	
Due to Other Funds	\$ 114
Due to Other Units	<u> -</u>
Total Liabilities	<u><u> 114</u></u>
Net Assets	
Unreserved	<u> -</u>
Total Liabilities and Net Assets	<u><u>\$ 114</u></u>

The Notes to the Financial Statements are an integral part of this statement

DAYTON TOWNSHIP

Notes to the Financial Statements
March 31, 2008

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dayton Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Dayton Township:

In fiscal year 2008, the Township adopted GASB Statement No. 34, *"Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments."* GASB Statement No. 34 requires new basic financial statements for reporting on the Township's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

1. REPORTING ENTITY

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Based upon the criteria for component units, none are included in the Township's financial statements.

2. BASIS OF PRESENTATION

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

Notes to the Financial Statements (continued)

a. State Shared Revenue Receivable

State shared revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. The final payment of \$24,043 was received on March 4, 2008, thus no receivable is recorded.

b. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2007 delinquent taxes of \$10,327 were received after the year-end and recorded as revenue for the current year.

The 2007 taxable valuation of the Township totaled \$56,958,282 on which ad valorem taxes levied consisted of .9206 mills for general operating. These amounts are recognized in the general fund financial statements as current tax revenue.

The government reports one major governmental fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

3. ASSETS, LIABILITIES AND FUND BALANCE

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investments income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." All receivables are to be received within one year.

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year-end.

Notes to the Financial Statements (continued)

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

4. BUDGETS AND BUDGETARY ACCOUNTING

Public Act 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary fund have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted on the activity level. The budgets shown in these financial statements are as last amended through March 31, 2007. During the year ended March 31, 2007, the Township did not incur any over expenditures.

5. REPORTING ENTITY

The financial statements of Dayton Township do not include any other governmental boards or authorities based on a determination made with the control or dependence in the areas of budget adoption, taxing authority, funding and appointment of respective boards.

6. ENCUMBRANCES

The Township does not use any form of encumbrance accounting.

7 ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

NOTE B CASH DEPOSITS AND INVESTMENTS

Deposits and investments are carried at cost. Cash deposits of the Township are held at Gerber Federal Credit Union in the name of the Township. Act 217, P.A. 1982, authorizes the Township to deposit and invest in the accounts of federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States or an agency, or instrumentally of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles

Notes to the Financial Statements (continued)

which are legal for direct investment by units of local government in Michigan; obligations in the State of Michigan or its political subdivision and commercial paper with three (3) highest classifications by at least two (2) rating services, maturing no later than 270 days. Michigan law prohibits security in the form of collateral, security bonds, or other forms for the deposit of public money.

Balances at March 31, 2008 related to cash and investments are detailed on the combined balance sheet as follows:

	General Fund	CIP Fund	Fire Fund	Totals (Memo Only)	Fiduciary Fund
Cash and Invest.	\$ 214,813	\$ 42,291	\$ 44,360	\$ 301,464	\$ 114

Cash consists of money market, bank savings, and bank checking accounts.

Deposits - As of March 31, 2008, the cash deposits covered by the National Credit Union Administration (NCUSIF) are itemized as follows:

<u>Bank/Account</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Demand Deposits:		
Tax Checking	\$ 16	\$ 16
General Fund Checking	1,835	7,280
Total Demand Deposits	1,851	7,296
Time Deposits:		
Tax Savings	98	94
General Fund Savings	206,542	206,542
Special Fire Assessment Fund	44,360	44,360
Agreement Restricted	6,436	6,436
Capital Improvement Fund - Savings	42,291	42,291
	299,727	299,723
Total Cash and Investments	<u>\$ 301,578</u>	<u>\$ 307,019</u>
Total Deposits covered by NCUSIF Insurance	\$ 101,851	\$ 107,296
Uninsured Deposits	199,727	199,723
Total Deposits	<u>\$ 301,578</u>	<u>\$ 307,019</u>

Notes to the Financial Statements (continued)

NOTE C INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Township's interfund receivables and payables are as follows:

General Fund - Due from Agency Fund	<u>\$ 114</u>
Agency Fund - Due to General Fund	<u>\$ 114</u>

NOTE D RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

DAYTON TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 63,500	\$ 63,500	\$ 72,842	\$ 9,342
State Grants	136,000	136,000	137,738	1,738
Charges for Services	1,000	1,000	815	(185)
Interest	3,500	3,500	8,384	4,884
Reimbursements	5,000	9,000	8,978	(22)
Royalties	-	-	6,882	6,882
Other	17,000	17,000	12,741	(4,259)
Total Revenues	226,000	230,000	248,380	18,380
Expenditures				
General Government	89,594	96,854	90,062	6,792
Public Works	72,266	122,266	105,837	16,429
Community & Econ. Development	45,000	45,000	34,669	10,331
Recreation and Culture	2,440	2,480	2,476	4
Other	5,000	5,000	4,328	672
Total Expenditures	214,300	271,600	237,372	34,228
Excess Revenues Over (Under) Expenditures	11,700	(41,600)	11,008	52,608
Other Financing Sources (Uses) Operating Transfers Out	(10,000)	(10,000)	(10,000)	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,700	(51,600)	1,008	52,608
Fund Balance-Beginning of Year	211,415	211,415	223,464	12,049
Fund Balance-End of Year	\$ 213,115	\$ 159,815	\$ 224,472	\$ 64,657

DAYTON TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for Capital Improvement Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Interest	\$ 251	\$ 251	\$ 935	\$ 684
Expenditures				
General Government	-	-	-	-
Excess Revenues Over (Under)				
Expenditures	251	251	935	684
Other Financing Sources (Uses)				
Operating Transfers In	10,000	10,000	10,000	-
Excess Revenues and Other Financing Sources				
Over (Under) Expenditures and Other				
Financing Uses	10,251	10,251	10,935	684
Fund Balance-Beginning of Year	31,015	31,015	31,356	341
Fund Balance-End of Year	\$ 41,266	\$ 41,266	\$ 42,291	\$ 1,025

DAYTON TOWNSHIP

Required Supplementary Information
Budgetary Comparison Schedule for Special Assessment Fire Fund
For the Year Ended March 31, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 46,000	\$ 46,000	\$ 44,462	\$ (1,538)
Interest	-	-	55	55
Total Revenues	46,000	46,000	44,517	(1,483)
Expenditures				
Public Safety	46,000	46,000	41,480	4,520
Excess Revenues Over (Under)				
Expenditures	-	-	3,037	3,037
Fund Balance-Beginning of Year	-	-	-	-
Fund Balance-End of Year	\$ -	\$ -	\$ 3,037	\$ 3,037

DAYTON TOWNSHIPStatement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual

General Fund

For the Year Ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property Taxes	\$ 46,000	\$ 53,872	\$ 7,872
Administration Fees	14,500	17,794	3,294
Penalty and Interest	3,000	1,176	(1,824)
Total Taxes	63,500	72,842	9,342
State Grants-State Shared Revenue	136,000	137,738	1,738
Charges for Services-Other Fees	1,000	815	(185)
Interest Earned	3,500	8,384	4,884
Reimbursements	9,000	8,978	(22)
Royalties	-	6,882	6,882
Other	17,000	12,741	(4,259)
Total Revenues	230,000	248,380	18,380
Expenditures			
General Government			
Township Board			
Salaries	3,750	3,609	141
Professional Services	8,500	6,981	1,519
Printing and Publishing	1,600	259	1,341
Memberships and Dues	1,110	1,103	7
Education and Training	500	131	369
Insurance & Bonds	7,000	5,855	1,145
Office Equipment	1,000	1,492	(492)
Miscellaneous	2,000	229	1,771
	25,460	19,659	5,801

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund (Continued)

Supervisor			
Salaries	11,000	11,525	(525)
Transportation & Supplies	<u>200</u>	<u>155</u>	<u>45</u>
	\$ 11,200	\$ 11,680	\$ (480)
Assessor			
Supplies and Cardwork	\$ 1,200	\$ 1,105	\$ 95
Professional Services	<u>10,944</u>	<u>10,944</u>	<u>-</u>
	12,144	12,049	95
Elections			
Wages		1,346	
Supplies		144	
Printing		23	
Professional Services		165	
Transportation		63	
Other		<u>87</u>	
	3,000	1,828	1,172
Clerk			
Salaries	12,500	13,097	(597)
Deputy's Wages	900	900	-
Supplies and Transportation	<u>1,500</u>	<u>1,210</u>	<u>290</u>
	14,900	15,207	(307)
Board of Review			
Salaries		2,461	
Supplies		234	
Other		51	
Education		<u>70</u>	
	2,950	2,816	134
Treasurer			
Salaries	12,800	13,268	(468)
Deputy's Wages	900	943	(43)
Supplies and Communication	<u>1,500</u>	<u>1,138</u>	<u>362</u>
	15,200	15,349	(149)

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund (Continued)

Buildings and Grounds			
Utilities		3,675	
Repairs and Maintenance		<u>1,044</u>	
	\$ 5,000	\$ 4,719	\$ 281
Cemetery			
Contracted Services		\$ 6,693	
Supplies		<u>62</u>	
	<u>\$ 7,000</u>	<u>6,755</u>	<u>\$ 245</u>
Total General Government	96,854	90,062	6,792
Public Works			
Roads	120,266	104,566	15,700
Drains	<u>2,000</u>	<u>1,271</u>	<u>729</u>
Total Public Works	122,266	105,837	16,429
Community & Economic Development			
Planning and Zoning			
Salaries		33,607	
Supplies		146	
Printing and Publishing		916	
Contracted Services		<u>-</u>	
Total Community & Econ. Dev.	45,000	34,669	10,331
Recreation & Culture			
Parks and Recreation	2,480	2,476	4
Other Functions			
FICA Tax	<u>5,000</u>	<u>4,328</u>	<u>672</u>
Total Expenditures	<u>271,600</u>	<u>237,372</u>	<u>34,228</u>
Excess Revenues Over (Under)			
Expenditures	(41,600)	11,008	52,608
Other Financing Sources (Uses)			
Operating Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>

Excess Revenues and Other Financing Sources			
Over (Under) Expenditures and Other			
Financing Uses	(51,600)	1,008	52,608
Fund Balance-Beginning of Year	<u>211,415</u>	<u>223,464</u>	<u>12,049</u>
Fund Balance-End of Year	<u>\$ 159,815</u>	<u>\$ 224,472</u>	<u>\$ 64,657</u>

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Board Members,
Dayton Township
Newaygo County,
Fremont, MI

In planning and performing our audit of the financial statements of Dayton Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Dayton Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Dayton Township's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies .

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program (such as the attached standards of ethics and conduct) as required by SAS 99.

Grand Rapids
4575 Lake Michigan Dr. NW
Grand Rapids, MI 49546
Phone (616) 453-8551
Fax (616) 453-9352

Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231)-798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

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Controls over Non-Routine and Non-Systematic Transactions

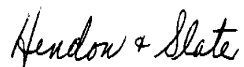
The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Controls over the Selection and Application of Accounting Principles that are in Conformity with Generally Accepted Accounting Principles

The Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
September 8, 2008

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

September 8, 2008

Board Members
Dayton Township
Newaygo County,
Fremont, MI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dayton Township for the year ended March 31, 2008, and has issued our report thereon dated September 8, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 6, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated June 6, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Dayton Township are described in Note A to the financial statements. Effective for the 2007-2008 year, the Township adopted the Government Accounting Standards Board's Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past

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and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the financial statements .

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management: record accrued payroll .

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 8, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In connection with our audit of Dayton Township as of and for the year ended March 31, 2008, we offer the following comments and recommendations:

Books and Records

As usual, the records of Dayton Township were in excellent condition and both the Clerk and Treasurer should be commended. We were pleased to note that supporting documents were attached to all of the Clerk copy of the checks we pulled for testing as previously recommended .

Budget Overexpenditures

The Board also did an excellent job of amending the budget as necessary to avoid budget overexpenditures. We were extremely pleased to note there were no material budget overexpenditures for the year ended March 31, 2008.

Tax Payments

We noted that the tax payments are not being made in accordance with the State requirements identified in the General Property Tax Act (Section 211.42). Although some months the payments were within the guidance, we noted several months which did not meet the time line required. We have enclosed a copy of the Act for reference purposes.

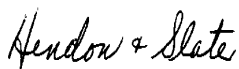
Segregation of Duties

While the Township is following the common practice amongst small governments of having the treasurer bear all of the responsibility for accounting for tax receipts and disbursements, the Uniform Accounting Procedures Manual does state that the clerk is to have a role in this process. Per the Manual, the Township should have a separate set of accounts similar to any other fund (such as the General Fund) and should use the same practices for accounting transactions. That is to say that the Treasurer should receipt tax revenues and provide the receipt to the Clerk to be recorded in the Tax Account. The Clerk should also record all of the checks out of the Tax Account and reconcile the accounts of this fund with the Treasurer's records. We understand that the Township may see this as an unnecessary series of steps that have never been performed and are often not performed by other Townships, but we view this as an opportunity to both comply with the Uniform Accounting Procedures Manual as well as strengthening the internal controls over cash and the entire tax collection and disbursement process. We have included a copy of the Uniform Accounting Procedures Manual and would be happy to assist the Township in implementing these changes.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the members of the board and management of Dayton Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, PC

Fremont Office